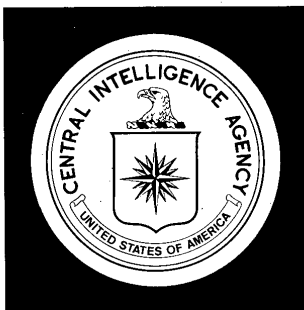




The President's Daily Brief

October 4, 1974

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FOR THE PRESIDENT ONLY

October 4, 1974

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ITALY

Long and difficult negotiations will be required to form a successor to Prime Minister Rumor's center-left government, which resigned yesterday. The Christian Democrat that President Leone picks to form the next government--party chief Amintore Fanfani is a strong possibility--will probably try to put the center-left coalition back together. Failing that, the Christian Democrats may form a one-party, caretaker government to preside until the dust settles.

Evidence had been mounting that there would be a major political blowup in Italy this fall. All that was missing was a catalyst. That came Tuesday, when the smallest party in Rumor's cabinet, the Social Democrats, unleashed a bitter attack on its Socialist coalition partners.

Finance Minister Tanassi, leader of the Social Democrats, accused the Socialists of paralyzing the coalition with their insistence on closer relations with the Communists and changes in the austerity program passed by parliament in mid-August. Tanassi said the only solution was for President Leone to call new elections, since parliamentary arithmetic does not now permit a workable non-Communist majority without the Socialists.

Speculating about Social Democratic motivation, some left-wing and moderate press commentators have pointed to the US as the instigator of Tanassi's move. They charge that Tanassi--who is noted for his strong anti-Communist views--was influenced by reports that the US is alarmed over the prospect of increased Communist influence in Italy.

President Leone may refuse to accept Rumor's resignation, as he did last June when he managed to keep the government in place. This tactic is less likely to work now, because differences among the coalition parties have grown considerably. A fairly broad consensus, moreover, holds that Rumor's mandate has run out.

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Leone will also be reluctant to accept the Social Democrats' call for elections. Sentiment is running strongly against this alternative, not only because it failed to solve anything when last tried in 1972, but also because the Socialists and Communists stand the best chance of scoring gains. Most political leaders would prefer to study the outcome of regional elections this spring before risking a national contest.

Negotiations will be complicated mainly by the increased assertiveness of the Socialists. They will press hard for more important cabinet posts, more spending on social programs, and--probably--for some form of governmental collaboration with the Communists. While this is all going on, the Communists will be hammering away at the theme they have stressed with increased emphasis during the last year--that the country's problems cannot be solved without Communist help. They will be seeking official recognition by the governing parties, such as formalized consultations on legislative matters.

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PORTUGAL

The leftists are the apparent beneficiaries of the changes made yesterday in the Portuguese government.

Prime Minister Goncalves took over the Ministry of Defense, where he will be "assisted" by another member of the leftist-oriented Armed Forces Movement, Major Alves. The Defense Ministry had previously been in the hands of Spinoia supporters. The Ministry of Information has been reduced to a lesser office and made directly responsible to the prime minister.

President Costa Gomes is still chief of staff of the armed forces, the most important military position, but Goncalves and the Movement are now in position to undermine the President on military matters.

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The Movement may be acting independently of the government in other fields. [REDACTED]

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[REDACTED]

A source close to Foreign Minister Soares told the embassy in Lisbon yesterday that elements in the Portuguese government, possibly including Goncalves, are working to sabotage the Azores negotiations in such a way as to make it appear that the US is unwilling to help Portugal. The source said this would then be used to justify Portuguese withdrawal from NATO.

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MIDDLE EAST

*Some [redacted] Syrian, and Israeli
forces have been put on alert.*

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[redacted]

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[redacted] Travelers from
Damascus have reported that Syrian forces went on
alert Monday, and the Israelis announced yesterday
that their forces in the Golan Heights have also
been placed in a higher state of readiness.

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[redacted]
[redacted]
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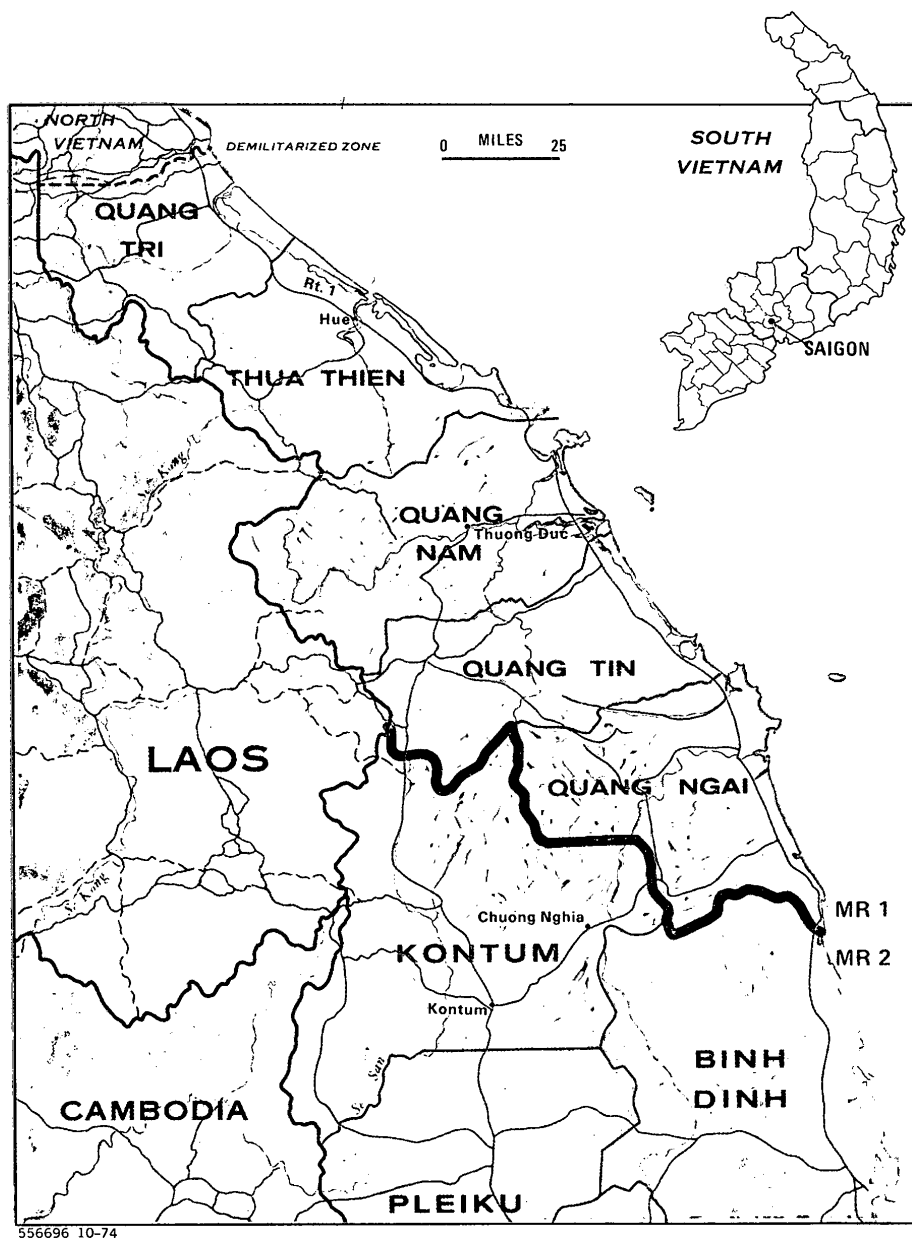
CYPRUS

Acting Cypriot President Clerides decided not to go through with his threatened resignation yesterday after receiving a strong statement of support from Archbishop Makarios. An apparent attempt against his life late last night, possibly by pro-Makarios leftists, may well cause him to reconsider.

According to the US embassy in Nicosia, Clerides believes Vassos Lyssarides, a leftist political leader and an ardent Makarios supporter, was directly responsible for the assassination attempt. Clerides reportedly believes Makarios is indirectly responsible for the attempt because of his earlier efforts to undermine Clerides.

Earlier yesterday, Archbishop Makarios had urged Greek Cypriots to help Clerides in his "difficult and complex task." Makarios called for an end to mass rallies and speculation by his own supporters about his return. The Archbishop said he would decide for himself the date of his return after the forthcoming discussion of the Cyprus issue at the UN. Makarios and Greek Prime Minister Karamanlis had previously given Clerides [redacted] assurances of support, but Clerides considered them inadequate. He demanded unequivocal backing, claiming he could not otherwise negotiate with the Turkish Cypriots or govern the Greek Cypriots.

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SOUTH VIETNAM

North Vietnamese forces have mounted a strong attack on the outpost at Chuong Nghia, the last government stronghold in northern Kontum Province. Government troops have already suffered heavy casualties and radio contact with the garrison has been lost. If--as seems likely--the Communists take the camp, they will have full control of some two thirds of Kontum Province. This would make it easier for them to move closer to inland population centers and to Route 1 along the coast.

Just a few weeks ago, commanders in Military Region 2 were saying they would defend Chuong Nghia at all costs. The outpost is manned only by local government security forces, however, who are little match for the North Vietnamese. Reinforcement is unlikely because of heavy Communist ground fire.

Fighting has also intensified in central Military Region 1, especially near Hue where the Communists are trying to take positions dominating Route 1 before the rains get heavier. South Vietnamese commanders say they can contain the attacks in this area, but they have made little progress in regaining territory already lost to the Communists.

In Quang Nam Province, South Vietnamese forces trying to recapture the former district capital of Thuong Duc have been slowed by North Vietnamese artillery and mortar attacks. The Communists are said to have moved a fresh regiment into the area. This, together with the approach of bad weather, could prompt the South Vietnamese to put off their move on Thuong Duc.

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THAILAND

Prime Minister Sanya, citing health reasons, has announced that he is temporarily turning over his duties to Deputy Prime Minister Prakop. There is widespread belief that Sanya will not attempt to return to office.

Although the health of the 67-year-old Prime Minister is not good, his decision appears to have been prompted largely by political considerations.

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During the past week Sanya has received strong criticism from all quarters, including the cabinet, for his handling of student protests against the draft constitution. His apparent willingness to scuttle that document, the preparation of which has been under way for nearly a year, has undermined much of the sympathy and respect Sanya had built up during his year in office.

Final deliberations on the constitution began in the National Assembly today. Although student militants have threatened violent demonstrations, it is doubtful that they will attract much support. Two key university groups have announced they will refrain from any protests at this time.

Sanya is likely to stay on the sidelines until the draft constitution is promulgated, most likely on October 8. He may choose that occasion to offer his resignation, citing the completion of the task he assumed when he took office one year ago--the drafting of the new constitution--and formally turn over his responsibilities to his deputy. Since general elections are scheduled for February 1, it is a solution that most Thai presumably could accept.

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NOTE

Lebanon: President Franjiah yesterday charged veteran centrist leader Saib Salam with forming of a new government. Salam's ability to assemble a new cabinet quickly is questionable; he reportedly will be strongly opposed by leftist leader Kamal Jumblatt, who played an important role in bringing down former prime minister Sulh's government last week.

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